SENATE RECORD VOTE ANALYSIS

106th Congress — March 24, 1999, 8:02 p.m.
1st Session — **Vote No. 60** — Page S-3225 Temp. Record

BUDGET RESOLUTION/Social Security & Direct Federal Private Investments

SUBJECT: **Senate Concurrent Budget Resolution for fiscal years 2000-2009 . . . S.Con. Res. 20. Ashcroft/Grams amendment No. 145.**

ACTION: AMENDMENT AGREED TO, 99-0

SYNOPSIS: As reported, S.Con. Res. 20, the Senate Concurrent Budget Resolution for fiscal years 2000-2009: will cut the debt held by the public (money that the Federal Government owes to creditors other than itself) in half over 10 years; will fully fund Medicare (all of the President's proposed $9 billion in Medicare cuts were rejected; as a result, this budget will allow $20.4 billion more in Medicare spending over the next 10 years); will save the entire $1.8 trillion in Social Security surpluses over the next 10 years for Social Security; will provide for $778 billion in net tax relief over the next 10 years (in contrast, the President's budget would increase the tax burden by $96 billion net over 10 years), and will adhere to the spending restraints (discretionary spending caps and pay-go provisions) of the bipartisan budget agreement as enacted in the Balanced Budget Act of 1997 and the Taxpayer Reform Act of 1997 (the President's proposed budget, in contrast, would dramatically increase spending in violation of that bipartisan agreement, and would result in $2.2 trillion more in total Federal debt at the end of 10 years than proposed in this Senate budget).

The Ashcroft/Grams amendment would express the sense of the Senate that the totals in this resolution assume that the Federal Government should not directly invest Social Security funds in private financial markets.

Those favoring the amendment contended:

President Clinton has suggested that the Federal Government should invest as much as $700 billion of Social Security receipts in the stock market. We take a very dim view of that suggestion. The risks for both Social Security beneficiaries and our free enterprise system would be extreme. Significant government involvement could lead toward economic nationalization (especially

(See other side)

YEAS (99)				NAYS (0)		NOT VOTING (1)	
Republican (54 or 100%)		**Democrats (45 or 100%)**		**Republicans (0 or 0%)**	**Democrats (0 or 0%)**	**Republicans (1)**	**Democrats (0)**
Abraham	Helms	Akaka	Kennedy			Lugar-[4]	
Allard	Hutchinson	Baucus	Kerrey				
Ashcroft	Hutchison	Bayh	Kerry				
Bennett	Inhofe	Biden	Kohl				
Bond	Jeffords	Bingaman	Landrieu				
Brownback	Kyl	Boxer	Lautenberg				
Bunning	Lott	Breaux	Leahy				
Burns	Mack	Bryan	Levin				
Campbell	McCain	Byrd	Lieberman				
Chafee	McConnell	Cleland	Lincoln				
Cochran	Murkowski	Conrad	Mikulski				
Collins	Nickles	Daschle	Moynihan				
Coverdell	Roberts	Dodd	Murray				
Craig	Roth	Dorgan	Reed				
Crapo	Santorum	Durbin	Reid				
DeWine	Sessions	Edwards	Robb				
Domenici	Shelby	Feingold	Rockefeller				
Enzi	Smith, Bob	Feinstein	Sarbanes				
Fitzgerald	Smith, Gordon	Graham	Schumer				
Frist	Snowe	Harkin	Torricelli				
Gorton	Specter	Hollings	Wellstone				
Gramm	Stevens	Inouye	Wyden				
Grams	Thomas	Johnson					
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Voinovich						
Hatch	Warner						

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

if investments were concentrated in particular industries), excess Government involvement in private financial markets, and short-term, politically motivated investment decisions that could diminish Social Security's potential rate of return. It is really difficult to overestimate the danger. For instance, if the Government had $2.7 trillion in the market on Black Monday, October 19, 1987, Social Security recipients would have lost $683 billion in that day alone.

We realize that some of our colleagues believe that the President's proposal could work if some type of independent agency were set up to insulate investments from political manipulation. Unfortunately, our colleagues are engaging in wishful thinking. The amount of money is so large that the political pressures to interfere in its investment would be immense. Labor unions have already weighed in on this issue, saying that direct government investment would have to avoid supporting companies that use foreign labor. Labor unions give Democrats huge amounts of soft-money political contributions, and they spend even larger, unreported amounts in independent expenditures on behalf of Democrats. Many Democrats almost certainly would give in to pressure from unions, and would make less productive, or even losing, investments that would please the 12 percent of the private workforce that is unionized, but that would result in much less money for Social Security recipients. Union pressure, of course, would not be the only pressure brought to bear. For instance, Minnesota, which invests in the stock market for its employees, recently divested itself of tobacco stocks for political reasons, and its retirees instantly lost $2 million. If direct Federal investments were made, they would be buffeted by a wide range of interests across the political spectrum. Not one of those interests, though, should be allowed to have any influence. If money is invested, the only interest that should be served is the interest of Social Security participants.

Over the long-term, investments in private stocks and bonds yield high rates of return. When Social Security runs surpluses, it should be able to take advantage of those markets. The Federal Government, politically, cannot be trusted to make investments in those markets. However, those investments still could be made if a mechanism were set up that allowed Social Security recipients themselves to make their own, individual decisions on where to invest their money. We hope that approach will eventually be adopted. We definitely do not favor letting the Federal Government play the stock market with Social Security funds, as proposed by President Clinton. Therefore, we strongly support this amendment.

While favoring the amendment, some Senators expressed the following reservations:

We oppose direct Federal investment of Social Security funds in the stock market so we will vote for this amendment. However, we believe that our colleagues have mischaracterized the President's position on this issue. We believe that he would like to set up an independent investment agency that would be shielded from political pressure. That idea has merit, and should be examined further.

No arguments were expressed in opposition to the amendment.